

**TAMWILY INTERNATIONAL COMPANY  
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
AND REVIEW REPORT**

**FOR THE PERIOD FROM 26 NOVEMBER 2014 TO  
31 MARCH 2015**

**TAMWILY INTERNATIONAL COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
As at 31 March 2015

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**REVIEW REPORT TO THE SHAREHOLDERS OF  
TAMWILY INTERNATIONAL COMPANY  
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**Scope of Review**

We have reviewed the accompanying interim statement of financial position of Tamwily International Company (a Saudi Closed Joint Stock Company) (the "Company") as at 31 March 2015 and the related interim statements of comprehensive income, cash flows and changes in shareholders' equity for the period from 26 November 2014 to 31 March 2015 and the related interim notes, which form an integral part of the these interim financial statements. These interim financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard number 34 "Interim Financial Reporting" ("IAS 34") and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Saudi Organization for Certified Public Accountants ("SOCPA") auditing standard on interim financial reporting. A limited review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion on the interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

**Conclusion**

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with IAS 34.

for Ernst & Young

Ahmed I. Rada  
Certified Public Accountant  
License No. 356



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7 December 2015

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15/14/00

**TAMWILY INTERNATIONAL COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

For the period from 26 November 2014 to 31 March 2015

		<i>For the period from 26 November 2014 to 31 March 2015 (Unaudited) SR</i>
	<i>Note</i>	
Revenue and net gains on financial assets	14	23,780,696
Contract fee income		616,907
Direct costs	15	(50,441,455)
<b>GROSS LOSS</b>		<b>(26,043,852)</b>
<b>EXPENSES</b>		
Selling and distribution	16	(10,138,779)
General and administration	17	(5,421,215)
<b>LOSS FROM OPERATIONS</b>		<b>(41,603,846)</b>
Other income	18	9,336,729
<b>NET LOSS FOR THE PERIOD BEFORE ZAKAT</b>		<b>(32,267,117)</b>
Zakat	12	(1,500,000)
<b>NET LOSS FOR THE PERIOD</b>		<b>(33,767,117)</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>-</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(33,767,117)</b>

The attached notes 1 to 25 form part of these interim financial statements.

**TAMWILY INTERNATIONAL COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
As at 31 March 2015

		<b>31 March 2015 (Unaudited) SR</b>	<b>26 November 2014 (Audited) SR</b>
	<i>Note</i>		
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Bank balances and cash	5	<b>25,732,287</b>	50,506,196
Net investment in finance lease and instalment sales	6	<b>111,964,988</b>	99,497,880
Prepayments and other receivables	8	<b>35,149,725</b>	285,049,461
Due from affiliates	13	<b>37,269,678</b>	112,638,599
<b>TOTAL CURRENT ASSETS</b>		<b>210,116,678</b>	547,692,136
<b>NON-CURRENT ASSETS</b>			
Net investment in finance lease and instalment sales	6	<b>123,502,298</b>	115,275,550
Property and equipment	7	<b>8,560,106</b>	6,585,229
<b>TOTAL NON-CURRENT ASSETS</b>		<b>132,062,404</b>	121,860,779
<b>TOTAL ASSETS</b>		<b>342,179,082</b>	669,552,915
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	9	<b>12,208,350</b>	46,888,704
Due to affiliates	13	<b>1,400,234</b>	1,963,996
Accruals and other liabilities	10	<b>13,824,204</b>	21,182,369
Short term loan	11	<b>9,529,547</b>	250,000,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>36,962,335</b>	320,035,069
<b>NON-CURRENT LIABILITIES</b>			
Net servicing liability	19	<b>48,842,205</b>	59,348,909
Employees' end of service benefits	20	<b>6,822,110</b>	6,849,388
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>55,664,315</b>	66,198,297
<b>TOTAL LIABILITIES</b>		<b>92,626,650</b>	386,233,366
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	1	<b>100,000,000</b>	100,000,000
Statutory reserve	21	<b>10,571,920</b>	10,571,920
Retained earnings		<b>138,980,512</b>	172,747,629
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>249,552,432</b>	283,319,549
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>342,179,082</b>	669,552,915

The attached notes 1 to 25 form part of these interim financial statements.

**TAMWILY INTERNATIONAL COMPANY  
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)**

For the period from 26 November 2014 to 31 March 2015

	<i>Share capital SR</i>	<i>Statutory reserve SR</i>	<i>Retained earnings SR</i>	<i>Total SR</i>
Transferred from Aqsat International Trading Company Limited (a Limited Liability Company) on 26 November 2014 (see note 2.1 (audited))	100,000,000	10,571,920	172,747,629	283,319,549
Net loss for the period from 26 November 2014 to 31 March 2015	-	-	(33,767,117)	(33,767,117)
<b>Balance at 31 March 2015 (Unaudited)</b>	<b>100,000,000</b>	<b>10,571,920</b>	<b>138,980,512</b>	<b>249,552,432</b>

The attached notes 1 to 25 form part of these interim financial statements.

**TAMWILY INTERNATIONAL COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**

At 31 March 2015

		<i>For the period from 26 November 2014 to 31 March 2015 (Unaudited) SR</i>
	<i>Note</i>	
<b>OPERATING ACTIVITIES</b>		
Net loss for the period before zakat		(32,267,117)
Adjustments for:		
Depreciation	7	563,946
Allowance for doubtful debts	6	8,141,024
Provision for employees' end of service benefits	20	985,911
Gain on disposal of property and equipment		(11,582)
		<u>(22,587,818)</u>
Changes in operating assets and liabilities:		
Net investment in finance lease and instalment sales		(28,834,880)
Prepayments and other receivables		249,899,736
Due from affiliates		75,368,921
Accounts payable		(34,680,354)
Due to affiliates		(563,762)
Accruals and other liabilities		(8,858,165)
Net servicing liability		(10,506,704)
		<u>219,236,974</u>
Cash from operations		219,236,974
Employees' end of service benefits paid	20	(1,013,189)
		<u>218,223,785</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	7	(2,586,551)
Proceeds from disposal of property and equipment		59,310
		<u>(2,527,241)</u>
<b>FINANCING ACTIVITY</b>		
Repayment of short term bank loan	11	(240,470,453)
		<u>(24,773,909)</u>
<b>NET DECREASE IN BANK BALANCES AND CASH</b>		<u>(24,773,909)</u>
Bank balances and cash at the beginning of the period		50,506,196
<b>BANK BALANCES AND CASH AT THE END OF THE PERIOD</b>	5	<u><u>25,732,287</u></u>

The attached notes 1 to 25 form part of these interim financial statements.

**TAMWILY INTERNATIONAL COMPANY  
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

At 31 March 2015

**1 ACTIVITIES**

Tamwily International company ("the Company") is Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 4030171226, issued on 8 Rajab 1428 H (corresponding to 22 July 2007). The Company is engaged in the activities of sale of new and used motor vehicles under finance leases and instalment sales.

The shareholders of the Company resolved to convert the Company to a Saudi Closed Joint Stock Company on 26 Dhu al-Qidah 1436 H (corresponding to 21 September 2014) (the "Conversion Date"). The conversion was announced by Ministerial Decision number 338 on 4 Safar 1436 H (corresponding to 26 November 2014).

Prior to the Conversion Date, the Company was licensed for the wholesale and retail sale of spare parts, electric appliances, sale and lease of construction tools, and purchase and sale of real estate for the purpose of rentals and resale; however, no such activities have been carried out by the Company to date.

**a) Changes in the name of the Company**

The name of the Company at the time of incorporation was "Aqsat International Trading Company Limited. Subsequently on 4 Safar 1436 H (corresponding to 26 November 2014) the name of the Company was changed to Tamwily International Company (Saudi Closed Joint Stock Company).

**b) Changes to the share capital of the Company**

Prior to above mentioned change, the share capital of the Company was divided into 10,000 shares of SR 10,000 each and was owned as follows:

	<i>No. of shares of SR 10,000 Each</i>	<i>Amount SR</i>
Jiad International Holding Co for Commercial Development Limited (A Limited Liability Company)	8,500	85,000,000
Mohammed Yousuf Naghi	1,500	15,000,000
	<b>10,000</b>	<b>100,000,000</b>

Subsequently, On 26 Dhul Qadah 1436H (corresponding to 21 September 2014), based on an agreement between the old and new Shareholders, it was resolved to change the par value of the Company's share from SR 10,000 each to SR 10 each and as a result the number of shares increased from 10,000 shares of SR 10,000 each to 10 million shares of SR 10 each. The total share capital state at SR 100 million. As at 26 November 2014, the revised share capital of the Company is owned as follows:

	<i>No. of shares of SR 10 Each</i>	<i>Amount SR (Audited)</i>
Jiad International Holding Co for Commercial Development Limited (A Limited Liability Company)	7,000,000	70,000,000
Mohammed Yousuf Naghi	1,500,000	15,000,000
Sanabel National Trade and Service	500,000	5,000,000
Tahir Mohammed Al Dabagh	500,000	5,000,000
Anis Abdul Jaleel Jamjoom	500,000	5,000,000
	<b>10,000,000</b>	<b>100,000,000</b>

The Company is ultimately owned by Saudi shareholders.



**TAMWILY INTERNATIONAL COMPANY  
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)**

At 31 March 2015

**1 ACTIVITIES (continued)**

**c) License from Saudi Arabian Monetary Agency (SAMA)**

On 17 Jumada Al Awwal 1435 H (corresponding to 18 March 2014), in order to comply with the new finance regulations, the Company filed an application to undertake activities of finance leasing and financing with the Saudi Arabian Monetary Agency (SAMA).

The Company received a license from SAMA on 19 Safar 1436 H (corresponding to 11 December 2014) to undertake activities of finance leasing and financing the small and medium enterprises in the Kingdom of Saudi Arabia.

**2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

**2.1 Basis of preparation**

As per the Bye Laws of the Company at the time of its conversion to a Saudi Closed Joint Stock Company, the first financial statements of the Company will be prepared for the period from 26 November 2014, being date of its ministerial resolution, to 31 December 2015. The Company's first financial period commenced on the date of ministerial resolution upto 31 December 2015. The first interim financial statements have been prepared for the period from 26 November 2014 to 31 March 2015.

On 26 November 2014, being the date of the ministerial resolution announcing the change of the status of the Company from a Limited Liability Company to a Saudi Closed Joint Stock Company, the net assets of the Limited Liability Company were transferred to the Saudi Closed Joint Stock Company at net book value of SR 283,319,549.

The interim financial statements are prepared under the historical cost convention.

**2.2 Statement of compliance**

These interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") as required by the Implementing Regulation of the Finance Companies Control Law and not in accordance with Accounting Standards Generally Accepted in the Kingdom of Saudi Arabia.

These are the Company's first interim financial statements prepared under International Financial Reporting Standards ("IFRS") for a part of the period covered by the first IFRS annual financial statements. The interim financial statements do not include all of the information required for the full annual financial statements.

These interim financial statements have been presented in Saudi Riyal, which is the functional and presentation currency of the Company, except as otherwise indicated.

The total shareholder's equity transferred on 26 November 2014 and reported under Accounting Standards Generally Accepted in the Kingdom of Saudi Arabia, is similar to the total shareholder's equity in these interim financial statements prepared under the IFRS framework, as there are no changes to accounting policies or restatement of numbers.

**2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next

**TAMWILY INTERNATIONAL COMPANY  
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)**

At 31 March 2015

**2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)**

**2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

financial period, are described below. The Company based its assumptions and estimates on parameters available when the interim financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

*Determination of servicing liability*

Under the purchase and agency agreements, the Company has been appointed by the banks to service the receivables purchased by the banks. Assumptions used to calculate the servicing assets / liability are based on estimates of collection costs to be incurred by the Company over the life of the purchase and agency agreements.

*Determination of expected defaults and discounts*

In order to calculate the net deferred consideration receivable under the purchase and agency agreements, the Company uses assumptions to calculate the allowance for delinquent receivables and discounts based on historical trends which are updated periodically (at least once in a year or more frequently when needed) based on a change in circumstances which indicate that the historical rates may not be appropriate.

*Determination of discount rate for present value calculations*

Discount rate represents the current market assessment of the risks specific to the Company, taking into consideration the time value of money and the individual risks of the underlying assets. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the cost of financing provided by the banks under the purchase and agency agreements. The beta factors are evaluated annually based on publicly available market data.

*Impairment of finance lease*

An estimate of the collectible amount of receivables under finance lease is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due, based on historical recovery rates.

At the reporting date, outstanding finance lease receivable were SR 344,543,565 (as at 26 November 2014: SR 309,374,987), and the allowance for doubtful debts relating to finance lease receivable amounts to SR 61,929,158 (as at 26 November 2014: SR 53,788,134). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the interim statement of comprehensive income of those periods.

*Going concern*

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the interim financial statements have been prepared on a going concern basis.

**2.4 NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS**

As stated in note 2.2, these interim financial statements for the period from 26 November to 31 March 2015 are the first set of financial statements that the Company has prepared in accordance with IFRS. A number of new and amended standards and interpretations were applicable to the financial statements of the Company with effect from 26 November 2014 and were adopted by the Company.

**TAMWILY INTERNATIONAL COMPANY  
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)**

At 31 March 2015

**2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)**

**2.4 NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)**

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on the interim financial statements of the Company.

The nature and the impact of each new standard or amendment is described below:

*Amendments to IAS 19 Defined Benefit Plans: Employee Contributions*

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Company, since none of the entities within the Company has defined benefit plans with contributions from employees or third parties.

*Annual Improvements 2010-2012 Cycle*

These improvements are effective from 1 July 2014 and the Company has applied these amendments for the first time in these interim financial statements. They include:

*IFRS 2 Share-based Payment*

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

A performance condition must contain a service condition

A performance target must be met while the counterparty is rendering service

A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group

A performance condition may be a market or non-market condition

If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

The above definitions are consistent with how the Company has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Company's accounting policies.

*IFRS 3 Business Combinations*

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Company's current accounting policy, and thus this amendment does not impact the Company's accounting policy.

*IFRS 8 Operating Segments*

The amendments are applied retrospectively and clarify that:

An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The Company has not applied the aggregation criteria in IFRS 8.12.

**2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)**

**2.4 NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)**

*IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets*

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Company did not record any revaluation adjustments during the current interim period.

*IAS 24 Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Company as it does not receive any management services from other entities.

*Annual Improvements 2011-2013 Cycle*

These improvements are effective from 1 July 2014 and the Company has applied these amendments for the first time in these interim financial statements. They include:

*IFRS 3 Business Combinations*

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

Joint arrangements, not just joint ventures, are outside the scope of IFRS 3

This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

The Company a joint arrangement, and thus this amendment is not relevant for the Company and its subsidiaries.

*IFRS 13 Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Company does not apply the portfolio exception in IFRS 13.

*IAS 40 Investment Property*

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. This amendment does not impact the accounting policy of the Company.

**TAMWILY INTERNATIONAL COMPANY  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)**

At 31 March 2015

**2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)**

**2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Standards issued but not yet effective up to the date of issue of the Company's interim financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company is currently assessing the implications of the below mentioned standards and amendments on the Company's financial statements and the related timing of adoption.

*IFRS 9 Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. Early adoption of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

*IFRS 15 Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted.

*Amendments to IAS 1: Disclosure Initiative*

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify that:

- The materiality requirements in IAS 1.
- That specific line items in the statement(s) of profit or loss and OCI and the interim statement of financial position may be disaggregated.
- That entities have flexibility as to the order in which they present the notes to financial statements.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the interim statement of financial position and the statement(s) of profit or loss and other comprehensive income. These amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement.

*Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted.

**TAMWILY INTERNATIONAL COMPANY  
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)**

At 31 March 2015

**2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)**

**2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)**

*Annual improvements 2012-2014 Cycle (issued in September 2014)*

In the 2012-2014 annual improvements cycle, the IASB issued five amendments to four standards, summaries of which are provided below. The changes are effective 1 January 2016. Earlier adoption is permitted and must be disclosed.

*Amendments to IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations*

Assets (or disposal Companies) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. The amendment must be applied prospectively.

*Amendments to IFRS 7: Financial Instruments: Disclosures*

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.

The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

*Amendments to IAS 19: Employee Benefits (Discount rate: regional market issue)*

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

*Amendments to IAS 34 Interim Financial Reporting*

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report).

The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment must be applied retrospectively.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of these interim financial statements are as follows:

**Current versus non-current classification**

The Company presents assets and liabilities in the interim statement of financial position based on current / non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Current versus non-current classification (continued)**

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

#### **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the interim financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the interim financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**TAMWILY INTERNATIONAL COMPANY  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)**

At 31 March 2015

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue recognition**

*Leasing*

Income from finance leases and instalment sales is recognized over the period of the lease contract using a periodic rate of return calculated under the sum of digits method, which approximates to the effective interest method.

As part of the periodic installments due from customers, the Company charges customers for insurance cover on the vehicles under lease contracts. Insurance charges represent cost of insurance (premium). Consequently, premiums are paid to the Insurers for the insurance cover for the vehicles under lease, pursuant to the agreement.

*Contract fee income*

Contract fee income represents lease initiation, customer credit assessment, vehicle registration and other fee income. Contract fee income is recognised immediately upon execution of the agreements with the customers.

*Income from purchase and agency agreements (amortization of net servicing liability)*

Income from purchase and agency arrangements represents management fees due under the purchase and agency agreements with certain banks and is recognised on an accrual basis.

**Expenses**

Selling and marketing expenses principally comprise of costs incurred in the marketing and sale of the Company's products / services. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of the operating activities of the Company. Allocations between general and administrative expenses and direct costs, when required, are made on a consistent basis.

**Zakat**

The Company is subject to the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat is provided on an accruals basis. The zakat charge is computed on the zakat base. Any difference in the estimate is recorded when the final assessment is approved at which time the provision is cleared.

**Foreign currency translation**

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the interim statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)**

At 31 March 2015

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Property and equipment***

Depreciable property and equipment other than land are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method.

The estimated useful lives of the principal classes of assets are as follows:

Leasehold improvements	4 years
Furniture, fixtures and office equipment	7 years
Motor vehicles	4 years
Software	7 years

The carrying value of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the property and equipment are written down to their recoverable amount, being the higher of their fair value less cost to sell and their value in use.

**Impairment of financial assets**

At each reporting date, the Company assesses whether there are any indications, internal or external, of impairment in the value of financial assets. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Recoverable amount represents the higher of fair value less cost to sell and recoverable value in use.

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the interim statement of comprehensive income if those expense categories are consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the interim statement of comprehensive income.

**TAMWILY INTERNATIONAL COMPANY  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)**

At 31 March 2015

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments – initial recognition and subsequent measurement**

**i) Financial assets**

*Initial recognition and measurement*

The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, directly attributable transaction costs, if any.

Financial assets comprises of bank balances and cash, net investment in finance lease and instalment sales, due from related affiliates, deferred consideration receivable, employees' receivables, amount due from insurer and other receivables and are initially measured at fair value and thereafter stated at cost or amortized cost as reduced by allowance for doubtful receivables and impairment, if any.

*Subsequent measurement*

For purposes of subsequent measurement net investment in finance lease is mainly classified as loans and receivables.

*Loans and receivables*

This category is the most relevant to the Company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Finance lease is carried at amortized cost, less any amounts written off and allowance for doubtful debts. Gross investment in finance lease represents the gross lease payments receivable by the Company and the net investment represents the present value of these lease payments, discounted at interest rate implicit in the lease. The difference between the gross investment and unearned finance income represents net investment which is stated net of allowance for doubtful debts.

*Derecognition of financial assets*

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognised when:

- the contractual right to receive cash flows from the asset has expired; or
- the contractual right to receive cash flows from the asset has not expired, but the Company has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- the Company has transferred its contractual right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any resulting gains or losses on derecognition of financial assets are recognised at the time of derecognition of financial assets.

When the Company has transferred its contractual right to receive cash flows from an asset or has entered into a "pass through" arrangement, whereby it has assumed an obligation to pay cash flows from an asset in full without material delay to a third party, but has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

Where the Company is appointed to service the derecognised financial assets for a fee (agency fee), the Company recognises either a net servicing asset or a net servicing liability for that servicing contract. If the fee to be received is not expected to compensate the Company adequately for performing the service, a net servicing liability for the servicing obligation is recognised at its fair value.

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### *Derecognition of financial assets (continued)*

If the fee to be received is expected to be more than adequate compensation for the services to be provided, a servicing asset is recognised for the servicing right. Following initial recognition, net servicing assets, being intangible assets, are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Net servicing assets are amortised over their definite useful economic life (in conformity with the collection arrangements with the banks) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation of net servicing asset is charged to the interim statement of comprehensive income.

#### *Impairment of financial assets*

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the interim statement of comprehensive income. Assets together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the interim statement of comprehensive income.

Net investment in finance lease and instalment sales is considered to be impaired when a payment is overdue by 30 days or more. Since the risk metrics for Net investment in finance lease and instalment sales are based on a collective "pool" basis, rather than on individual financings, the allowances for doubtful debts are also computed on a "pool basis" using the "flow rate" methodology. The allowance coverage is 100% for such non-performing financings which reach the "write off point" (write-off points are set at 1 year past due). The carrying amount of the asset is adjusted through the use of an allowance for doubtful debts account and the amount of the adjustment is included in the interim statement of comprehensive income.

#### **ii) Financial liabilities**

##### *Initial recognition and measurement*

The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value plus, directly attributable transaction costs (where applicable) and thereafter stated at their amortized cost.

Financial liabilities are classified according to the substance of contractual arrangements entered into. Significant financial liabilities include accounts payable, due to affiliates, short-term loan and other liabilities.

##### *Subsequent measurement*

Financial liabilities are subsequently recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

##### *Derecognition of financial liability*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the interim statement of comprehensive income.

**TAMWILY INTERNATIONAL COMPANY  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)**

At 31 March 2015

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**iii) Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the interim statement of financial position if, and only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**Onerous contracts**

An onerous contract is one where the unavoidable costs of meeting the Company's contractual obligations exceed the expected economic benefits. If the Company has a contract that is onerous, it recognises the present obligation under the contract as a provision. The estimated future cash flows of the onerous contract are discounted at the Company's weighted average cost of capital ("WACC"). The unwinding of the discount is expensed as incurred and recognised in the interim statement of comprehensive income as a finance cost.

**Leases**

Finance leases are those where the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. As lessee, the Company classifies its leases as operating leases and the rentals payments are charged to the interim statement of comprehensive income on a straight line basis.

**Claims**

The amounts paid or payable in respect of the Company's obligation in respect of the insurance cover and the risks insured by the Insurers are claimed from the Insurers, net of salvage and subrogation recoveries and deductibles. Salvage recoveries represent the value of the damaged vehicles recorded at their net realizable values based on management's best estimate, with a corresponding payable being recorded to the Insurer. The Company also has the right to pursue third parties for payment of some or all costs of claims. (i.e. subrogation). Subrogation receivables, net of allowance for potential irrecoverable amounts are recognised in other assets, with a corresponding payable being recorded to the Insurer.

Outstanding claims comprise the estimated cost of claims incurred but not settled at the reporting date together with related claims handling costs, with a corresponding receivable being recorded from the Insurer.

**Cash and bank balances**

For the purpose of the interim statement of cash flows, cash and cash equivalents consist of cash on hand, cash in bank and deposits with original maturity of three months or less.

**4 SEGMENT REPORTING**

A segment is a distinguishable component of the Company that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Company carries out its activities entirely in the Kingdom of Saudi Arabia and is mainly engaged in providing vehicles to customers on finance lease and instalment basis.

**TAMWILY INTERNATIONAL COMPANY**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)**

At 31 March 2015

**5 BANK BALANCES AND CASH**

	<b>31 March 2015 (Unaudited) SR</b>	<b>26 November 2014 (Audited) SR</b>
Cash in hand	<b>1,456,575</b>	3,454,262
Bank balances	<b>24,275,712</b>	47,051,934
	<b>25,732,287</b>	50,506,196

Certain bank accounts of the Company with balances amounting to SR 7.7 million (26 November 2014: SR 45.7 million) are in the name of Mohammad Yousuf Naghi Motors Corporation. However, these bank accounts are beneficially utilized by the Company and accordingly are included in the statement of financial position of the Company under bank balances above.

**6 NET INVESTMENT IN FINANCE LEASE AND INSTALMENT SALES**

The Company finances the sale of vehicles to its customers through finance leases, where legal ownership of the vehicle is retained by the Company, and instalment sales. Finance leases represent 75% (2014:76%) of the total gross investments shown below as at 31 March 2015:

<b>As at 31 March 2015</b>	<b>Current portion SR</b>	<b>Non-current portion SR</b>	<b>Total (Unaudited) SR</b>
Gross investment in finance lease and instalment sales	164,817,448	179,726,117	<b>344,543,565</b>
Less: Allowance for doubtful debts	(28,656,100)	(33,273,058)	<b>(61,929,158)</b>
Less: Unearned finance income	(24,196,360)	(22,950,761)	<b>(47,147,121)</b>
Net investment in finance lease and instalment sales	<b>111,964,988</b>	<b>123,502,298</b>	<b>235,467,286</b>

  

<b>As at 26 November 2014</b>	<b>Current portion SR</b>	<b>Non-current portion SR</b>	<b>Total (Audited) SR</b>
Gross investment in finance lease and instalment sales	146,661,280	162,713,707	309,374,987
Less: Allowance for doubtful debts	(27,878,421)	(25,909,713)	(53,788,134)
Less: Unearned finance income	(19,284,979)	(21,528,444)	(40,813,423)
Net investment in finance lease and instalment sales	<b>99,497,880</b>	<b>115,275,550</b>	<b>214,773,430</b>

**TAMWILY INTERNATIONAL COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)**

At 31 March 2015

**6 NET INVESTMENT IN FINANCE LEASE AND INSTALMENT SALES (continued)**

a) The movement in allowance for doubtful debts is given below:

*For the period from 26 November  
2014 to 31 March 2015  
(Unaudited)  
SR*

Transferred from Aqsat International Trading Company Limited (a Limited Liability Company) on 26 November 2014	53,788,134
Net movement during the period (see note 16)	8,141,024
At the end of the period	<u>61,929,158</u>

The overdue receivables relating to certain customers as at 31 March 2015 amount to SR 45.4 million (26 November 2014: SR 40.4 million). The receivable balances not yet due from such customer's amount to SR 120.1 million as at 31 March 2015 (26 November 2014: SR 127.9 million).

	<i>31 March 2015 (Unaudited) SR</i>	<i>26 November 2014 (Audited) SR</i>
Overdue balances:		
1 - 4 months	21,516,504	20,562,834
5 - 12 months	14,242,951	19,060,459
More than 12 months	9,609,731	740,535
	<u>45,369,186</u>	<u>40,363,828</u>
	<i>31 March 2015 (Unaudited) SR</i>	<i>26 November 2014 (Audited) SR</i>
Not yet due balances relating to the above overdue balances:		
1 - 4 months	71,230,514	62,347,496
5 - 12 months	37,942,819	65,467,113
More than 12 months	10,978,051	84,040
	<u>120,151,384</u>	<u>127,898,649</u>
	<i>31 March 2015 (Unaudited) SR</i>	<i>26 November 2014 (audited) SR</i>
Gross investment in finance leases and instalment sales due is as follows:		
Overdue balances	45,369,186	40,363,828
Due within 1 year	119,448,262	106,297,452
Due from 1-2 years	86,563,486	75,923,599
Due from 2-3 years	39,795,881	35,048,429
Due more than 3 years	53,366,750	51,741,679
	<u>344,543,565</u>	<u>309,374,987</u>

**TAMWILY INTERNATIONAL COMPANY  
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)**

At 31 March 2015

**7 PROPERTY AND EQUIPMENT**

	<i>Leasehold improvements</i> SR	<i>Equipment</i> SR	<i>Furniture and fixtures</i> SR	<i>Motor vehicles</i> SR	<i>Software</i> SR	<i>Work in progress</i> SR	<i>Total 31 March 2015</i> SR
Cost:							
Transferred from Aqsat International Trading Company Limited (a Limited Liability Company) on 26 November 2014 (Audited)	2,199,558	6,808,310	1,178,141	1,180,821	1,591,292	-	12,958,122
Additions	25,672	323,223	9,000	-	394,519	1,834,137	2,586,551
Disposals	-	-	-	(190,000)	-	-	(190,000)
At the end of the period	2,225,230	7,131,533	1,187,141	990,821	1,985,811	1,834,137	15,354,673
Depreciation:							
Transferred from Aqsat International Trading Company Limited (a Limited Liability Company) on 26 November 2014	2,038,037	2,640,261	940,636	546,576	207,383	-	6,372,893
Charge for the period(note 17)	18,622	231,960	22,732	83,449	207,183	-	563,946
Disposals	-	-	-	(142,272)	-	-	(142,272)
At the end of the period	2,056,659	2,872,221	963,368	487,753	414,566	-	6,794,567
Net book amounts							
As 31 March 2015 (Unaudited)	168,571	4,259,312	223,773	503,068	1,571,245	1,834,137	8,560,106

**TAMWILY INTERNATIONAL COMPANY  
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

At 31 March 2015

**8 PREPAYMENTS AND OTHER RECEIVABLES**

	<b>31 March 2015 (Unaudited) SR</b>	<b>26 November 2014 (Audited) SR</b>
Prepaid expenses	<b>1,112,395</b>	2,983,692
Insurance claims receivable	<b>26,277,247</b>	35,976,258
Staff advances	<b>612,680</b>	528,065
Receivable from assignment	-	240,500,000
Other receivables	<b>7,147,403</b>	5,061,446
	<b>35,149,725</b>	285,049,461

**9 ACCOUNTS PAYABLE**

	<b>31 March 2015 (Unaudited) SR</b>	<b>26 November 2014 (Audited) SR</b>
Advances from customers	<b>116,380</b>	116,380
Other payables	<b>12,091,970</b>	46,772,324
	<b>12,208,350</b>	46,888,704

**10 ACCRUALS AND OTHER LIABILITIES**

	<b>31 March 2015 (Unaudited) SR</b>	<b>26 November 2014 (Audited) SR</b>
Zakat payable (note 12)	<b>9,025,486</b>	7,525,486
Accrued employees benefits	<b>3,687,658</b>	5,530,644
Accrued advertising and commission	<b>380,792</b>	1,026,291
Other accruals	<b>730,268</b>	7,099,948
	<b>13,824,204</b>	21,182,369

**11 SHORT TERM LOAN**

It represents short term loan from a bank transferred from Aqsat International Trading Company Limited (a Limited Liability Company) on 26 November 2014. The loan was obtained to meet the Company's working capital requirements. The loan is secured with guarantees from shareholders.



**TAMWILY INTERNATIONAL COMPANY  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)**

At 31 March 2015

**12 ZAKAT**

The provision was Transferred from Aqsat International Trading Company Limited (a Limited Liability Company) on 26 November 2014

The movement in the zakat provision for the period was as follows:

	<b><i>31 March 2015 (Unaudited) SR</i></b>
Transferred from Aqsat International Trading Company Limited (a Limited Liability Company) on 26 November 2014	<b>7,525,486</b>
Provided during the period	<b>1,500,000</b>
At the end of the period	<b>9,025,486</b>

**Status of assessments**

Zakat assessments have been agreed with the Department of Zakat and Income Tax up to 31 December 2008 for Aqsat International Trading Company Limited. The assessments for the years ended 31 December 2009 through 31 December 2013 have not yet been raised.

**TAMWILY INTERNATIONAL COMPANY  
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) t 31 March 2015**

**13 TRANSACTIONS WITH AFFILIATES**

In the ordinary course of business, the Company purchases and pays for vehicles from an affiliated Company on an arm's length basis. The following are the details of major related party transactions during the period/year and the related balances at the period/year end:

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amount of transactions For the period from 26 November 2014 to 31 March 2015 (unaudited) SR</i>	<i>Balance 31 March 2015 (Unaudited) SR</i>	<i>Balance 26 November 2014 (Audited) SR</i>
<b>Due to affiliates</b>				
Mohammed Yousuf Naghi Motors Corporation	Purchase of cars and allocation of common costs by the affiliate	71,760,879	-	-
Arabian Trading Supplies	Payable for services received	2,059,771	1,400,234	1,963,996
<b>Total</b>			<b>1,400,234</b>	<b>1,963,996</b>
<b>Due from affiliates</b>				
Mohammed Yousuf Naghi Motors Corporation	Advanced against the purchase of the cars	72,722,607	33,064,903	108,411,484
United Yousuf Naghi Motors Corporation	Instalments settled in respect of car financing to affiliate's employees	240,492	1,342,752	1,169,546
Hafil Hajj Transport Establishment	Instalments settled in respect of car financing to affiliate's employees	399,194	2,728,051	2,933,941
Jiad Company	Instalments settled in respect of car financing to affiliate's employees	10,344	133,972	123,628
			<b>37,269,678</b>	<b>112,638,599</b>

**TAMWILY INTERNATIONAL COMPANY**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued) t 31**  
March 2015

**13 TRANSACTIONS WITH AFFILIATES (continued)**

**Key management compensation**

For the period from 26 November 2014 to 31 March 2015, the Company incurred costs amounting to SR 1,569,750 towards key management compensations.

**14 REVENUE AND NET GAINS ON FINANCIAL ASSETS**

*For the period from 26 November  
2014 to 31 March 2015  
(Unaudited)  
SR*

Murabaha revenue	7,894,897
Insurance revenue	5,379,095
Amortisation of net servicing liability (note 19)	10,506,704
	<u>23,780,696</u>

**15 DIRECT COSTS**

*For the period from 26 November  
2014 to 31 March 2015  
(Unaudited)  
SR*

Employee related costs	13,521,702
Insurance	30,575,208
Other direct costs	6,344,545
	<u>50,441,455</u>

**16 SELLING AND DISTRIBUTION**

*For the period from 26 November  
2014 to 31 March 2015  
(Unaudited)  
SR*

Sales commission	677,957
Advertising and promotion	108,500
Net movement in allowance for doubtful debts (note 6a)	8,141,024
Other	1,211,298
	<u>10,138,779</u>

**TAMWILY INTERNATIONAL COMPANY  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued) t 31  
March 2015**

**17 GENERAL AND ADMINISTRATION**

*For the period from 26 November  
2014 to 31 March 2015  
(Unaudited)  
SR*

Expense re-charged by an affiliate (*)	1,350,000
Office rent	1,213,164
Depreciation (note 7)	563,946
Other	2,294,105
	<u>5,421,215</u>

**Note:**

\*Expenses re-charged by an affiliate represent allocation of common costs by Mohammed Yousuf Naghi Motors Corporation for certain shared services.

**18 OTHER INCOME**

*For the period from 26 November  
2014 to 31 March 2015  
(Unaudited)  
SR*

Recovery of debts previously written off	9,300,591
Other income	36,138
	<u>9,336,729</u>

**TAMWILY INTERNATIONAL COMPANY**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued) t 31**  
**March 2015**

**19 FINANCE LEASE RECEIVABLES AND PURCHASE AGREEMENTS**

In accordance with the terms of certain lease receivable purchase agreements, the Company has sold finance lease receivables to the banks.

The Company continues to manage these off-balance sheet finance lease receivables as a servicer in accordance with the service agreements entered into with the bank). The Company is continuing to manage these sold receivables for an agreed fee which is disclosed as income. These receivables are secured by promissory notes from the customers.

The outstanding position of off balance sheet finance lease receivables was SR 1,668,480,052 (26 November 2014: 1,951,279,447) as at the statement of financial position date.

The maturity analysis of above outstanding finance lease receivables as of 31 March 2015 is as follows:

	<b>31 March 2015 (Unaudited) SR</b>	<b>26 November 2014 (Audited) SR</b>
<i>Upto 12 months</i>	<b>696,912,052</b>	781,502,451
<i>More than 12 months</i>	<b>971,568,000</b>	1,169,776,996
	<b><u>1,668,480,052</u></b>	<b><u>1,951,279,447</u></b>

Gross servicing asset and Gross servicing liability has been provided below:

Gross amount of servicing asset	<b>73,718,153</b>	82,322,029
Gross amount of servicing liability	<b>(122,560,358)</b>	(141,670,938)
Net servicing liability	<b><u>(48,842,205)</u></b>	<b><u>(59,348,909)</u></b>

Movement of gross servicing asset and gross servicing liability has been provided below:

	<b>Servicing Asset 31 March 2015 (Unaudited) SR</b>	<b>Servicing liability 31 March 2015 (Unaudited) SR</b>	<b>Net servicing liability 31 March 2015 (Unaudited) SR</b>
Transferred from Aqsat International Trading Company Limited (a Limited Liability Company) on 26 November 2014	82,322,029	(141,670,938)	<b>(59,348,909)</b>
Amortisation during the period (note 14)	(8,603,876)	19,110,580	<b>10,506,704</b>
At the end of the period	<b><u>73,718,153</u></b>	<b><u>(122,560,358)</u></b>	<b><u>(48,842,205)</u></b>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued) t 31  
March 2015**

**20 EMPLOYEES' END OF SERVICE BENEFITS**

The movement in the employees' end of service benefits provision for the period was as follows:

	<i>31 March 2015 (Unaudited) SR</i>
Transferred from Aqsat International Trading Company Limited (a Limited Liability Company) on 26 November 2014	<b>6,849,388</b>
Provision for employees' end of service benefits	<b>985,911</b>
Employees' end of service benefits paid	<b>(1,013,189)</b>
At the end of the period	<b>6,822,110</b>

**21 STATUTORY RESERVE**

It represents 10% profit allocation , in accordance with Saudi Arabian Regulations for Companies, from yearly profits of the Company up to 25 November 2014. This amount was transferred from Aqsat International Trading Company Limited on 26 November 2014 and no allocation was made after that as the Company has incurred losses.

**22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's significant financial liabilities include, accounts payable, due to affiliates, short-term loan and other liabilities are initially measured at fair value and thereafter stated at their amortized cost. Financial assets comprises of bank balances and cash, net investment in finance lease and instalment sales, due from related affiliates, deferred consideration receivable, employees' receivables, amount due from insurer and other receivables and are initially measured at fair value and thereafter stated at cost or amortized cost as reduced by allowance for doubtful receivables and impairment, if any.

The Company is exposed to interest rate risk, liquidity risk, credit risk and currency risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Treasury Department that advises on the financial risks and the appropriate financial risk governance framework. The Treasury Department provides assurance to the senior management that the financial risk activities are governed by appropriate policies and procedures and that the financial risks are identified, measured and managed in accordance with the policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

**Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. Before entering into purchase and agency arrangements with banks, the Company is exposed to interest rate fair value risk on its financial assets to be sold. The Company monitors the market interest rate movements and negotiates the terms of the agreements with various banks.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued) † 31**

March 2015

**22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

***Market risk (continued)***

***Interest rate sensitivity of assets, liabilities and off statement of financial position items***

The Company manages exposure to the effects of various risks associated with fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarises the Company's exposure to interest rate risks. Included are the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. The Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or re-price in a given period. The Company manages this risk by matching the re-pricing of assets and liabilities through risk management strategies.

<b>31 March 2015</b>	<b><i>Interest bearing</i></b>			<b><i>Non- interest bearing</i></b>	<b><i>Total</i></b>
	<b><i>Within 1 year</i></b>	<b><i>1 to 5 years</i></b>	<b><i>Over 5 years</i></b>		
	<b><i>SR'000</i></b>	<b><i>SR'000</i></b>	<b><i>SR'000</i></b>	<b><i>SR'000</i></b>	<b><i>(Unaudited) SR'000</i></b>
<b><i>Assets</i></b>					
Net investment in finance lease and instalment sales	111,965	123,502	-	-	235,467
Property and equipment	-	-	-	8,560	8,560
Prepayments and other receivables	-	-	-	35,150	35,150
Due from affiliates	-	-	-	37,270	37,270
Bank balances and cash	-	-	-	25,732	25,732
<b><i>Total Assets</i></b>	<b>111,965</b>	<b>123,502</b>	<b>-</b>	<b>106,712</b>	<b>342,179</b>
<b><i>Total Liabilities and shareholders' equity</i></b>					
Net servicing liability	-	48,842	-	-	48,842
Employees' end of service benefits	-	-	-	6,822	6,822
Accounts payable	-	-	-	12,209	12,209
Due to affiliates	-	-	-	1,400	1,400
Accruals and other liabilities	-	-	-	13,824	13,824
Short term loan	9,530	-	-	-	9,530
Shareholders' equity	-	-	-	249,552	249,552
<b><i>Total Liabilities and shareholders' equity</i></b>	<b>9,530</b>	<b>48,842</b>	<b>-</b>	<b>283,807</b>	<b>342,179</b>
<b><i>Gap</i></b>	<b>102,435</b>	<b>74,660</b>	<b>-</b>	<b>(177,095)</b>	<b>-</b>

**TAMWILY INTERNATIONAL COMPANY  
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued) t 31**

March 2015

**22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

*Market risk (continued)*

<b>26 November 2014</b>	<b>Interest bearing</b>			<b>Non- interest bearing SR'000</b>	<b>Total SR'000 (audited)</b>
	<b>Within 1 year SR'000</b>	<b>1 to 5 years SR'000</b>	<b>Over 5 years SR'000</b>		
<b>Assets</b>					
Net investment in finance lease and instalment sales	99,498	115,276	-	-	214,774
Property and equipment	-	-	-	6,585	6,585
Prepayments and other receivables	-	-	-	285,049	285,049
Due from affiliates	-	-	-	112,639	112,639
Bank balances and cash	-	-	-	50,506	50,506
<b>Total Assets</b>	<b>99,498</b>	<b>115,276</b>	<b>-</b>	<b>454,779</b>	<b>669,553</b>
<b>Total Liabilities and shareholders' equity</b>					
Net servicing liability	-	59,349	-	-	59,349
Employees' end of service benefits	-	-	-	6,849	6,849
Accounts payable	-	-	-	46,889	46,889
Due to affiliates	-	-	-	1,964	1,964
Accruals and other liabilities	-	-	-	21,182	21,182
Short term loan	250,000	-	-	-	250,000
Shareholders' equity	-	-	-	283,320	283,320
<b>Total Liabilities and shareholders' equity</b>	<b>250,000</b>	<b>59,349</b>	<b>-</b>	<b>360,204</b>	<b>669,553</b>
<b>Gap</b>	<b>(150,502)</b>	<b>55,927</b>	<b>-</b>	<b>94,575</b>	<b>-</b>

**Analysis of financial liabilities by remaining contractual maturities**

As at the statement of financial position date, all of the financial liabilities of the Company are of the maturity of one year.



## **22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

### **Credit risk and concentration of credit risk**

Credit risk arises from the possibility of asset impairment occurring because counter parties cannot meet their obligations in transactions involving financial instruments. The Company is exposed to credit risk on cash and bank balances, net investment in finance lease, due from related parties, employees' receivables and other receivables. The Company has established procedures to manage credit exposure including, credit approvals, credit limits, collateral and guarantee requirements. These procedures are based on the Company's internal guidelines.

Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular segment of customers.

The Company manages concentration of credit risk exposure through diversification of activities and sale of eligible receivable and future net investment in finance lease receivables to different banks through purchase and agency agreements. However, the Company mitigates its credit risk through evaluation of credit worthiness through one of its affiliate and by obtaining personal and bank guarantees. For certain types of customers, the maximum credit limits are defined. An allowance for doubtful finance lease is maintained at a level which, in the judgment of management, is adequate to provide for impairment losses on delinquent receivables.

All finance lease is secured mainly through personal guarantees and yield a fixed rate of commission for each contract. The title of the vehicles sold under finance lease agreements is held in the name of the Company as collateral to be repossessed, in case of default by the customer.

The carrying amount of financial assets recorded in the interim financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

### **Currency risk**

Currency risk arises from the possibility that changes in foreign exchange rates will affect the value of the financial assets and liabilities denominated in foreign currencies, in case the Company does not hedge its currency exposure by means of hedging instruments. All of the purchases and sales of the Company are made in Saudi Riyals. As the Company did not undertake significant transactions in currencies other than Saudi Riyals, during the period, the Company was not exposed to any significant currency risk.

### **Other price risk**

The Company is not exposed to other price risk such as equity risk and commodity risk as the Company is neither involved in investment in trading securities nor the commodities.

### **Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. This risk is managed through sale of receivables to different banks. The average credit period on purchases of vehicles from an affiliate and third parties is up to one month. No interest is charged on the accounts payable. Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any commitments as they arise.

The Company's financial liabilities primarily consist of accounts payable, due to affiliates, short-term loan and other liabilities. A significant portion of these financial liabilities are expected to be settled within 12 months from the reporting date and the Company expects to have adequate liquid funds to do so.

## **22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

### **Capital management**

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide adequate return to its shareholders through the optimization of the capital structure. The Company manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in objectives, policies or processes for managing capital during the period from 26 November 2014 to 31 March 2015.

The Company monitors capital on the basis of the regulatory requirements of Regulations for Companies and SAMA minimum capital requirements for financing companies.

**31 March 2015**

**Total capital  
ratio**

Capital adequacy ratio

**0.94 times**

(Net investment in finance lease divided by total shareholders' equity)

## **23 FAIR VALUES OF FINANCIAL INSTRUMENTS**

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The Company's financial assets consist of bank balances and cash, net investment in finance lease and instalment sales, due from affiliates, staff advances and insurance claims receivable; and its financial liabilities consist of accounts payable, due to affiliates, short-term loan and other liabilities. As 26 November 2014 and 31 March 2015, there are no financial instruments which are carried at fair value.

The fair values of financial instruments are not materially different from their carrying values.

## **24 RESULTS OF INTERIM PERIOD**

The interim financial statements may not be considered indicative of the actual results for the period ending on 31 December 2015.

## **25 BOARD OF DIRECTORS' APPROVAL**

These interim financial statements were approved by the Board of Directors on 25 safar 1437H (corresponding to 7 December 2015).